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August 29, 2011

Arizona Corporation Commission

DOCKETED

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Docket Control
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007



Re: *The Arizona Electric Power Cooperative, Inc. ("AEPCO") Request for Approval of its TEMPORARY PURCHASED POWER and FUEL ADJUSTMENT CLAUSE RIDER NO. 1—Revision 1 ("PPFAC Rider Revision 1"); Docket No. E-01773A-09-0472*

Dear Sir or Madam:

AEPCO submits the attached PPFAC Rider Revision 1 and requests Commission approval. In summary, PPFAC Rider Revision 1 will accelerate the refund of an over-collected balance under AEPCO's prior fuel/purchased power recovery clause to its Members Anza Electric Cooperative ("Anza"), Duncan Valley Electric Cooperative ("DVEC") and Trico Electric Cooperative ("Trico").

As background, Decision No. 72055—last year's AEPCO rate decision—authorized AEPCO to establish a surcharge to refund to its members any over-collected balance in its prior Fuel and Purchased Power Clause Adjustor ("FPPCA") which expired on December 31, 2010. Consistent with that authorization, this year AEPCO has been refunding to its members the FPPCA's over-collection by member that existed as of December 31, 2010. As of the date of this filing, refunds have been completed to the Mohave Electric Cooperative and Sulphur Springs Valley Electric Cooperative. It's expected that all monies due the Graham County Electric Cooperative will be returned by October.

However, at the current refund rate, AEPCO projects that the FPPCA balance will not be fully returned to Trico until June of next year and the balances due to Anza and Duncan will not be returned until August, 2014 and December, 2012, respectively. In light of the prolonged refund period for these members, AEPCO's Board of Directors this month authorized acceleration of the return of the over-collected balance to these members. Basically, PPFAC

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Rider Revision 1 simply takes the FPPCA balance owed to each of the members as of the first billing following Commission approval; divides that balance by 6; and then returns the amount to Anza, Duncan and Trico in six monthly installments.

If Staff has any questions concerning this filing, please contact the undersigned or Joe King at AEPCO, (520) 586-5129.

Very truly yours,

GALLAGHER & KENNEDY, P.A.

A handwritten signature in black ink, appearing to read "Michael M. Grant", with a long horizontal flourish extending to the right.

By:

Michael M. Grant

MMG/plp
10421-59/2845833

Attachment

cc (delivered): Candrea Allen, Utilities Division
Barbara Keene, Utilities Division

Original and 13 copies filed with Docket
Control this 29th day of August, 2011.

ARIZONA ELECTRIC POWER COOPERATIVE, INC.

TEMPORARY PURCHASED POWER and FUEL ADJUSTMENT CLAUSE

RIDER NO. 1 - Revision 1

TEMPORARY

Effective Date: First Billing Date Following Commission Approval

APPLICABILITY

Applicable to the Company's Class A members as follows:

Partial Requirements Member:

Trico Electric Cooperative, Inc.

Collective All-Requirements Members:

Anza Electric Cooperative, Inc.

Duncan Valley Electric Cooperative, Inc.

RATE

The customer monthly bill shall consist of the applicable charges and adjustments as set forth in the Partial-Requirements Schedule of Rates and Fixed Charge and as set forth in the Company's Tariff for its collective all-requirements Class A members ("CARM"). In addition, the monthly bill will include a credit based on the remaining balance of each member specified in the applicability section of this Rider No. 1. The monthly credit will be calculated as follows:

$$\text{Monthly Credit} = \frac{\text{Class A Customer Remaining FPPCA Balance} *}{6 \text{ (Six Months)}}$$

This temporary purchased power and fuel adjustment credit shall remain in effect for a period of six months effective with the first billing date after Commission approval of this Rider No. 1 – Revision 1.

* The Class A Customer Remaining FPPCA Balance will be the balance to be refunded as of the first billing date following Commission approval of this Rider No. 1 – Revision 1.